House
REPUBLICAN
Conference

# Legislative Digest

Week of February 28, 2000 Vol. XXIX, #4, February 25, 2000

J.C. Watts, Jr.
Chairman
4th District, Oklahoma

## Monday, February 28

*House Not in Session*

## Tuesday, February 29

*House Meets at 12:30 p.m. for Morning Hour and 2:00 p.m. for Legislative Business*
*(No Votes Before 6:00 p.m.)*

**** Four Suspensions**



## Wednesday-Friday, March 1-3

*House Meets at 10:00 a.m. for Legislative Business*

Brian Fortune: *Managing Editor*

Kevin Smith: *Senior Legislative Analyst*

Scott Galupo, Brendan Shields,
Heather Valentine & Michelle Yahng:
*Legislative Analysts*

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# Designating Wilson Creek as a Wild and Scenic River

**H.R. 1749**

Committee on Resources
No Report Filed
Introduced by Mr. Ballenger on May 11, 1999

## Floor Situation:

The House is scheduled to consider H.R. 1749 under suspension of the rules on Tuesday, February 29, 2000. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

## Summary:

H.R. 1749 designates the 23.3-mile segment of Wilson Creek in North Carolina as a component of the National Wild and Scenic Rivers System. Specifically, the bill establishes the following classifications: (1) 2.9 miles as a scenic river, (2) 4.6 miles as a wild river, and (3) 15.8 miles as a recreational river. The bill directs the Agriculture Secretary to administer the creek in a manner intended to preserve its free-flowing condition.

Wilson Creek is a free-flowing mountain stream located in Avery and Caldwell Counties in North Carolina. The stream and its surrounding areas serve as a habitat for a variety of plant life and a multitude of animals. The designation of Wilson Creek as a Wild and Scenic River has garnered support from many individuals and organizations including the Commissions of Avery and Caldwell Counties as well as the U.S. Forest Service.

In 1968, Congress enacted the Wild and Scenic Rivers Act (*P.L. 90-542*) to preserve designated rivers in their natural condition so they can be enjoyed by future generations. For portions of rivers protected under the law, it allows only development and recreational use that does not damage the river's environmental welfare.

## Costs/Committee Action:

A CBO estimate was unavailable at press time.

The Resources Committee reported the bill by voice vote on February 16, 1999.

*Michelle Yahng, 226-6871*

# Indian Tribal Economic Development and Contract Encouragement Act

**S. 613**

Committee on Resources
S.Rept. 106-150
Referred to the House on September 17, 1999

## Floor Situation:

The House is scheduled to consider S. 613 under suspension of the rules on Tuesday, February 29, 2000. The bill is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

## Summary:

S. 613 amends current law to specify under what circumstances federal approval is needed for Indian tribes to enter into an agreement or contract. Specifically, the bill (1) specifies that an agreement must have the approval of the Interior Secretary if it encumbers Indian land for a period of seven years or more; and (2) eliminates any statutory requirement for federal review of contracts between Indian tribes and attorneys.

An 1872 law requires the approval of the Interior Department for all contracts involving payments between non-Indians and Indians for services related to tribal lands. This extensive federal oversight reflected congressional concerns of the time that Indian tribes were incapable of protecting themselves from fraud in their economic affairs.

Beginning with the 1934 Indian Reorganization Act, congressional policy toward tribal affairs has shifted toward giving Indians more control over their property and economic dealings. S. 613 loosens restrictions on when federal approval is needed for Indian tribes to enter contracts, but maintains federal control over transactions that give proprietary control over Indian lands to a third party.

The Senate passed the bill by unanimous consent on September 15, 1999.

## Costs/Committee Action:

CBO estimates that implementing S. 613 will reduce costs for the federal government by approximately $2 million over FYs 2000-2004. The bill does not affect direct spending; so pay-as-you-go procedures do not apply.

The Resources Committee reported the bill by voice vote on February 16, 2000.

*Michelle Yahng, 226-6871*

# Lower Sioux Indian Community Land Lease and Transfer Act

**H.R. 2484**

Committee on Resources
No Report Filed
Introduced by Mr. Minge on July 12, 1999

## Floor Situation:

The House is scheduled to consider H.R. 2484 under suspension of the rules on Tuesday, February 29, 2000. The bill is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

## Summary:

H.R. 2484 allows the Lower Sioux Indian Community in Minnesota to lease or transfer land that they own without seeking further approval from the federal government, so long as the land is not held in trust by the United States.

The Lower Sioux Reservation is located in Redwood County, two miles south of Morton, Minnesota. The community has approximately 240 members and owns 1,743 acres of land. Congress established the reservation in the late 1800s.

Although the community pays taxes on its land, an 1834 law prohibits Indian reservations from leasing or transferring land that they own, reflecting the sense of Congress at that time that Indian tribes could not protect their own financial security. H.R. 2484 frees the Lower Sioux Indian Community from these restrictions and allows them to lease and transfer lands at will.

## Committee Action:

The Resources Committee reported the bill by voice vote on February 16, 2000.

*Michelle Yahng, 226-6871*

# Iran Nonproliferation Act
# (Considering Senate Amendments)

**H.R. 1883**

Committee on International Relations
H.Rept. 106-315, Pt. I
Referred by the Senate on February 24, 2000

## Floor Situation:

The House is scheduled to consider Senate amendments to H.R. 1883 under suspension of the rules on Tuesday, February 29, 2000. It is debatable for 40 minutes, may not be amended, and requires a two-thirds majority vote for passage.

## Summary:

H.R. 1883, as amended by the Senate, requires the president to submit biannual reports to Congress identifying entities (*i.e.*, any foreign country, corporation, or individual) that, according to credible information, have transferred missile goods or technology to Iran after January 1, 1999. The bill *authorizes* the president to impose sanctions (instead of mandating sanctions in the House-passed bill) against entities found responsible for the transfers, including denying arms export licenses and cutting off all U.S. assistance to the entity for two years.

The measure prohibits the release of remaining U.S. funding ($590 million) for the International Space Station to the Russian government unless the president certifies that no entity under the jurisdiction of the Russian Aviation & Space Agency has transferred missile technology to Iran during the past year. The Senate amendment allows entities threatened with sanctions to respond to allegations before such penalties become effective. In addition, the amendment clarifies that the bill *authorizes* the president to impose sanctions but does not require him to do so. Finally, the Senate amendment makes small technical changes to the bill.

The House originally passed H.R. 1883 by a vote of 419-0 on September 14, 1999. The Senate amended and passed the bill by a vote of 98-0 on February 24, 2000. According to press reports, President Clinton recently withdrew his veto threat to the bill.

## Background:

The United States' relations with Iran have been consistently tense since the revolution overthrowing the Shah in 1979. Aside from a plethora of human rights abuses, Iran's military buildup has been a particular point of contention. Following the seizure of U.S. hostages in 1979, U.S. foreign policy toward Iran has included: (1) imposing economic sanctions; (2) reducing aid and international lending; (3) containing the rogue nation's military; and (4) supporting internal opposition. A recent concern about Iran is its acquisition of both conventional arms and technology to develop weapons of mass destruction (WMD). The

technology for this buildup has been provided largely by China and India. However, evidence has surfaced that Russia also has been providing transferable technology to Iran. The Russian government has admitted that Iran has tried to obtain missile technology from Russian companies, but it claims that these attempts were unsuccessful.

On August 8, 1995, Russia joined the Missile Technology Control Regime (MTCR) to limit the proliferation of missiles capable of delivering nuclear weapons. Currently, there are 28 members, and China, Israel, Romania, and Ukraine have agreed to observe the MTCR guidelines but their countries have not become partners of the regime.

Russia and China already have cooperated in providing conventional weapons to Iran; Russia has transferred 25 MiG-29s, 12 Su-24 modern strike aircraft, three Kilo-class diesel submarines, and approximately 150 T-72 tanks. China has transferred a number of F-7 fighters, surface-to-air missiles (SAMs), 15 fast patrol boats, and about 170 land and ship based and air-launched anti-ship cruise missiles. U.S. intelligence sources have confirmed that Iran has a large program, supplied largely by China and India, to become self-sufficient in manufacturing and stockpiling chemical weapons, and that it is trying to develop more sophisticated and toxic nerve agents.

Recent press reports have suggested that Iran is pursuing both plutonium separation and gas centrifuge enrichment in its nuclear program, and there have been numerous press reports that Iran is, at least indirectly, seeking to purchase nuclear weapons-related material. However, Iran accepts International Atomic Energy Agency (IAEA) safeguards of its known nuclear facilities, and IAEA visits to the country since February 1992 have found no evidence at the sites visited to indicate that Iran was developing nuclear weapons.

## Costs/Committee Action

CBO estimates that enactment of H.R. 1883 will cost $1 million to $2 million annually, assuming the appropriation of necessary funds. The determinations required by the bill may delay the timing of discretionary outlays by the National Aeronautics and Space Administration (NASA) if additional funds are appropriated for payments to Russia for the Space Station, but CBO cannot project such future appropriations. NASA does not expect to make any additional payments to Russia from its FY 1999 appropriations.

The International Relations Committee reported the bill by a vote of 19-3 on July 29, 1999. The bill was not considered by a Senate committee.

*Heather Valentine, 226-7860*

# Ivanpah Valley Airport Public Lands Transfer Act

**H.R. 1695**

Committee on Resources
H.Rept. 106-471
Introduced by Mr. Gibbons on May 5, 1999

## Floor Situation:

The House is scheduled to consider H.R. 1695 on Wednesday, March 1, 2000. The Rules Committee is scheduled to meet on the bill at 6:30 p.m. on Tuesday, February 29. Additional information on the rule and potential amendments will be provided in a *FloorPrep* prior to floor consideration.

## Summary:

H.R. 1695 conveys approximately 6,400 acres of federal lands in the Ivanpah Valley to Clark County in Nevada so that the county may develop an airport facility and related infrastructure. The county must pay the Interior Department fair market value for the land.

Las Vegas Valley in Nevada is becoming an increasingly popular travel destination for both domestic and international tourists. The result is increasing passenger levels at the only major airport in the area, McCarran Airport. In 1996, the annual passenger volume reached the 30 million mark, and McCarran became the 10th busiest airport in the nation. Since then passenger traffic has continued to rise. From January 1999 to January 2000, passenger levels rose 6.8 percent. As the metropolitan area continues to grow, McCarran Airport will have trouble accommodating the growing number of airplane passengers.

Supporters of the bill argue that McCarran Airport is quickly reaching its passenger capacity as the metropolitan area of Las Vegas continues to expand. A second airport is needed to alleviate the strain on McCarran Airport. The land specified in the bill is ideal in its topography and location. It is located far enough away from Nellis Air Force Base and McCarran Airport to avoid air capacity constraints, yet it is still close enough to the metropolitan area to be useful.

Opponents of the measure counter that potential environmental impacts and land use conflicts have not been properly addressed. One major concern is the possible impact the new airport facility will have on the adjacent Mojave National Preserve. They also argue that the measure overrides the Bureau of Land Management's local resource management plan that calls for retaining these lands in federal ownership as well as negates existing statutory requirements for land use planning and the sale of public lands.

## Costs/Committee Action:

CBO estimates that implementing H.R. 1695 will result in a net increase in direct spending of approximately $1 million over FYs 2001-2004. The bill affects direct spending, so pay-as-you-go procedures apply.

The Resources Committee reported the bill by voice vote on November 16, 1999.

*Michelle Yahng, 226-6871*

# Government Waste Corrections Act

**H.R. 1827**

Committee on Government Reform
H.Rept. 106-474
Introduced by Mr. Burton *et al.* on May 17, 1999

## Floor Situation:

The House is scheduled to consider H.R. 1827 on Wednesday, March 1, 2000. The Rules Committee is scheduled to meet on the bill at 6:30 p.m. on Tuesday, February 29. Additional information on the rule and potential amendments will be provided in a *FloorPrep* prior to floor consideration.

## Summary:

H.R. 1827 amends current law to require federal agencies to perform recovery audits to recapture overpayments made for goods or services that total $500 million or more per fiscal year. These agencies also must institute a management improvement program to address any underlying problems in their payment systems.

The bill requires agency heads to conduct recovery audits in a manner that is in the best financial interest to the government. To help ensure that this goal is met, each agency director must conduct a public-private cost comparison to determine whether the audit should be performed in-house or by an outside auditor.

If any funds are recovered through the audit process, the measure requires that at least 50 percent of recovered funds be deposited into the general treasury. Other recovery funds may be used to pay the auditor and cover any costs incurred by the agency. Finally, up to 25 percent of funds may be used to establish a management improvement program for the agency.

The measure requires the Office of Management and Budget (OMB) to provide guidance to federal agencies in carrying out recovery audits. Specifically, OMB must (1) issue guidelines and standards for recovery audits; (2) exempt agencies from recovery auditing if it determines that such a process is not cost effective; and (3) report to the president and Congress within one year of enactment and annually for each of the two years thereafter, detailing the progress and setbacks of the program.

The General Accounting Office (GAO) must report to Congress on the progress of the bill's implementation 60 days after each OMB report.

## Background:

The federal government spends hundreds of billions of dollars annually to purchase and procure goods and services. Recovery auditing is a method of identifying and recovering funds that have been erroneously spent. The audit is an ongoing, systematic procedure that examines all purchases and payment transactions. Overpayments are usually recovered through direct payments or administrative offsets.

Both the private and public sector make extensive use of the recovery audit procedure. The average recovery rate for overpayments in the private sector is approximately $1 million per $1 billion in expenses. The Defense Department has implemented successful recovery auditing programs in the Army and Air Force Exchange Systems (AAFES) and the Defense Supply Center in Philadelphia. In the most recent audit of the AAFES, the program recovered close to $25 million on purchases totaling approximately $5 billion.

## Costs/Committee Action:

CBO estimates that enactment of H.R. 1827 will result in a net decrease of direct spending by $100 million over FYs 2000-2004 and by $90 million over FYs 2000-2009. The bill affects direct spending, so pay-as-you-go procedures apply.

The Government Reform Committee reported the bill by voice vote on November 17, 1999.

*Michelle Yahng, 226-6871*

# Senior Citizens' Freedom to Work Act

**H.R. 5**

Committee on Ways & Means
H.Rept. 106-___
Introduced by Mr. Johnson *et al.* on March 1, 1999

## Floor Situation:

The House is expected to consider H.R. 5 on Thursday, March 2, 2000. The Rules Committee has not yet scheduled a time to meet on the bill. Additional information on the rule and potential amendments will be provided in a *FloorPrep* prior to floor consideration.

## Summary:

H.R. 5 repeals the Social Security "earnings limit," that affects approximately 800,000 Social Security recipients between the full retirement age (currently age 65) and age 70. This current law policy reduces, and in some cases eliminates, seniors' Social Security benefits if they work and earn more than annual income limits (which equals $17,000 in 2000). The measure also makes several technical amendments to current law. The measure affects income earned after December 31, 1999 (*i.e.*, beginning this year, seniors age 65 and older may work and earn unlimited income without losing any Social Security benefits). President Clinton supports repealing the earnings limit and has stated that he will sign the measure.

## Background:

### What is the Social Security Earnings Limit?

Current law reduces seniors' Social Security benefits if their earnings from wages and self-employment income exceed a specific threshold, or "earnings limit." In 2000, the earnings limit for working seniors between ages 65 and 69 is $17,000 (please see the chart on page 11 to view its history). Under current law, Social Security benefits are reduced by $1 for every $3 of earnings that exceed the limit. In 1999, the Social Security Administration estimated that 1.2 million beneficiaries had some or all of their benefits withheld for some portion of the year under the earnings test due to work at age 62 or above. They also estimated that approximately 800,000 beneficiaries aged 65-69 lost some or all of their benefits under the earnings test.

The earnings test has always been one of the most unpopular features of the Social Security program, spawning perpetual congressional proposals to liberalize or eliminate the earnings limit.

### History of the Earnings Limit

The Social Security program is essentially a product of the Great Depression, which overwhelmed traditional sources of aid for the unemployed, aged, widowed, orphaned, and disabled. To help deal with this crisis, President Roosevelt appointed the Committee on Economic Security which recommended that the

## Earnings Test Exempt Amounts
### 1975-2002

| Year of Effect | Under Age 65* | Age 65 and Over** |
|---|---|---|
| 1975 | $2,520 | $2,520 |
| 1976 | $2,760 | $2,760 |
| 1977 | $3,000 | $3,000 |
| 1978 | $3,240 | $4,000 |
| 1979 | $3,480 | $4,500 |
| 1980 | $3,720 | $5,000 |
| 1981 | $4,080 | $5,500 |
| 1982 | $4,440 | $6,000 |
| 1983 | $4,920 | $6,600 |
| 1984 | $5,160 | $6,960 |
| 1985 | $5,400 | $7,320 |
| 1986 | $5,760 | $7,800 |
| 1987 | $6,000 | $8,160 |
| 1988 | $6,120 | $8,400 |
| 1989 | $6,480 | $8,880 |
| 1990 | $6,840 | $9,360 |
| 1991 | $7,080 | $9,720 |
| 1992 | $7,440 | $10,200 |
| 1993 | $7,680 | $10,560 |
| 1994 | $8,040 | $11,160 |
| 1995 | $8,160 | $11,280 |
| 1996 | $8,280 | $12,500 |
| 1997 | $8,640 | $13,500 |
| 1998 | $9,120 | $14,500 |
| 1999 | $9,600 | $15,500 |
| 2000 | $10,080 | $17,000 |
| 2001 | $10,560 | $25,000 |
| 2002 | $11,160 | $30,000 |

* Future years based on Social Security Trustee economic assumptions

** In 1955-82, the earnings test did not apply to recipients aged 72 & over; beginning in 1983, it does not apply to ages 70 & over

*Source: Congressional Budget Office; Social Security Administration*

federal government create a national program to provide unemployment insurance and old-age benefits. Acting on those recommendations, Congress enacted the 1935 Social Security Act (*P.L. 74-271*).

With variations, the earnings test has been part of the Social Security program since its inception. The original rationale for the test was that, as a "social insurance" system, Social Security protects workers from certain risks, among them the loss of income due to their retirement, and therefore benefits should be withheld from workers who have not in fact "retired." This policy is consistent with the Depression-era view that Social Security should encourage older individuals to leave the workforce, making more jobs available to younger workers.

Initially, the 1935 Social Security Act (*P.L. 74-271*) stipulated that benefits would not be paid to individuals who had received " wages with respect to regular employment." Before any benefits were paid under the program, Congress in 1939 modified the retirement test so that a beneficiary could earn up to $14.99 in covered earnings before losing benefits for that month.

Since 1940, Congress has changed the earnings limits, the affected ages, and the formulas for reducing benefits many times. The 1950 Social Security Amendments (*P.L. 81-734*), for example, exempted people age 75 and over from the earnings test and increased the amount of earnings permitted to $50 per month. In 1954, Congress enacted legislation (*P.L. 83-761*) to broaden the retirement test to include non-covered wages, lowered the age at which the test no longer applied from 75 to 72, and established a uniform annual earnings test for wage-earners and self-employed individuals (previously, two separate tests were provided: a monthly test for wage-earners and an annual test for the self-employed).

With the 1960 Social Security Amendments (*P.L. 86-778*), Congress introduced the concept of reducing benefits by $1 for each $2 of earnings above the exempt amount. In 1972, Congress stipulated (*P.L. 92-603*) that the exempt amount under the earnings test be "indexed" to increase automatically with average wage levels. During consideration of major Social Security legislation in 1977, Congress debated whether to eliminate the earnings limit for persons over age 65. As a compromise, Congress enacted legislation (*P.L. 95-216*) to raise the earnings limit for individuals age 65 and older, and since then two different exempt amounts have applied, one for those under full retirement age (currently 65) and one for those between full retirement age and age 70.

The 1977 Social Security Amendments (*P.L. 95-216*) also lowered from 72 to 70 the age at which the earnings limit would no longer apply, to be effective in 1982, later postponed until 1983. The 1983 Social Security Amendments (*P.L. 98-21*) changed the withholding rate to $1 of benefits for each $3 of earnings for beneficiaries aged 65 to 69 (from $1 of benefits for each $2 of earnings), effective in 1990.

**Recent Congressional Action**

As the crown jewel of the *Contract with America*, Congress passed a comprehensive tax package (H.R. 2491; *H.Rept. 104-350*) that included, among other things, measures to gradually raise the Social Security earnings limit. However, President Clinton vetoed the measure. Later in the 104th Congress, lawmakers enacted the 1996 Senior Citizen's Right to Work Act (*P.L. 104-121*), which gradually raises the retirement earnings limit over five years to $30,000 in 2002.

In 1998, the House approved the Taxpayer Relief Act (H.R. 4579; *H.Rept. 105-739*) by a vote of 229-195. This measure would have accelerated the increase in the earnings test and raised the exempt amounts to $39,750 in 2008. However, the Senate did not consider the bill before adjournment.

Critics of the earnings test maintain that it is a strong disincentive for seniors to work, as well as an oppressive tax because it can add 50 percent to the effective tax rate workers pay on earnings above the exempt amounts. They argue that it is unfair and inappropriate to impose a form of "means" test for a retirement benefit that has been earned by a lifetime of contributions to the program. They also maintain that it can hurt elderly individuals who need to work to supplement meager Social Security benefits, while those who have other forms of income are unaffected.

## Costs/Committee Action:

A preliminary CBO estimate indicates that enactment of H.R. 5 will cost $22.7 billion over the next 10 years. However, actuaries from the Social Security Administration have indicated that the cost of the measure over the long term is negligible.

The Ways & Means Subcommittee on Social Security reported the bill by voice vote on February 16, 2000. The full committee is scheduled to mark up the measure on February 29; however, it is expected to make only minor technical changes to the bill.

## Other Information:

"The 1998 Green Book" *Ways & Means Committee Publication 105-7*, May 19, 1998; "Social Security: Proposed Changes to the Earnings Test," by Geoffrey Kollmann, *CRS Report 98-789*, February 24, 2000; "Summary of Major Changes in the Social Security Cash Benefits Program: 1935-1996," by Geoffrey Kollmann, *CRS Report 94-36*, December 20, 1996; "Clinton, Republicans Seek to Eliminate Wage Limits in Social Security Law," by Robert A. Rosenblatt, *Los Angeles Times*, February 15, 2000.

*Kevin Smith, 226-7862*